

## Message Text

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ORIGIN PM-04

INFO OCT-01 EA-07 ISO-00 OMB-01 NSC-05 SP-02 SS-15 CIAE-00

INR-07 NSAE-00 DODE-00 MC-02 ACDA-07 AID-05 IGA-02

TRSE-00 /058 R

DRAFTED BY PM/SAS:DJJAMES:RAG

APPROVED BY PM:RAERICSON

OMB - MR. SHAW

----- 018516

R 012103Z OCT 76

FM SECSTATE WASHDC

TO AMEMBASSY SEOUL

C O N F I D E N T I A L STATE 244234

E.O. 11652: GDS

TAGS: MASS, KS

SUBJECT: FY 77 FMS FINANCING FOR KOREA

REF: SEOUL 7763

FOR STERN FROM ERICSON

1. BELIEVE INFORMATION YOU ARE HEARING RELATES TO A SPECIAL PROBLEM AND PROCEDURE WHICH AROSE UNDER THE BUDGET IMPOUNDMENT ACT. IN LATE AUGUST THE PRESIDENT SENT A FORMAL RESCISSION NOTICE TO THE CONGRESS INFORMING THEM THAT THERE WAS \$126.7 MILLION NOA UNDER THE FY 76-FY/7T APPROPRIATION WHICH WAS NOT REQUIRED FOR FMS FINANCING PROGRAM. IN THE ABSENCE OF CONGRESSIONAL ACTION ON THE RESCISSION NOTICE, OMB LAWYERS HELD THAT THE ADMINISTRATION IS REQUIRED TO OBLIGATE THESE MONIES TO THE EXTENT AUTHORIZED BY LAW. SINCE THE REMAINING FMS PROGRAM CEILING FOR FY 76/7T WAS \$122.575 MILLION, WE HAVE AUTHORIZED THAT AMOUNT TO BE PROVIDED TO ROKG AS PRE-FUNDING FOR THE  
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PRESIDENT'S FY 77 PROGRAM. THE KOREANS ARE SCHEDULED TO

SIGN FFB LOAN AGREEMENT IN THIS AMOUNT BEFORE SEPTEMBER 30  
DEADLINE, LEAVING BALANCE OF \$152.425 MILLION IN FMS  
GUARANTEED FINANCING TO BE PROVIDED TO ROKG IN FY 1977.

2. WE ARE GLAD YOU ARE KNOWLEDGEABLE ABOUT THE  
COMPLEXITIES OF SUCH WASHINGTON ARRANGEMENTS AND THAT  
WE CAN RELY ON YOU TO DISABUSE THE KOREANS OF ANY  
EXPECTATION THAT MORE THAN \$275 MILLION IN FMS FINANCING  
WILL BE AVAILABLE TO THEM IN THE NEXT 12 MONTHS.  
KISSINGER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, FINANCE, MILITARY SALES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 OCT 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE244234  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** DJJAMES:RAG  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760371-1199  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19761091/aaaadawy.tel  
**Line Count:** 71  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN PM  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
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**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** 76 SEOUL 7763  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** KelleyW0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 28 MAY 2004  
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**Review Exemptions:** n/a  
**Review History:** RELEASED <28 MAY 2004 by ShawDG>; APPROVED <23 SEP 2004 by KelleyW0>  
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**Review Referrals:** n/a  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FY 77 FMS FINANCING FOR KOREA  
**TAGS:** MASS, KS, US  
**To:** SEOUL  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006